

## Creating the NASA Area Management District

SB 1867 by Jackson (J. Davis)

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### DIGEST:

SB 1867 would have created the NASA Area Management District as a political subdivision of the state to administer and provide funding for community improvement projects and services to benefit public and private interests in the district. This would have included developing transportation and commerce and promoting the health, safety, and general welfare of residents, employees, employers, visitors, and consumers in the district. The district would have been located in a specified area within the city of Nassau Bay in Harris County and would have been governed by a board of seven directors appointed by the mayor and governing body of the city. The district could have levied assessments and issued bonds to pay for authorized improvements and services of the district. A petition signed by the owners of a majority of the assessed value in the district, as well as a hearing, would have been required prior to financing projects. The district could have imposed a sales tax without calling an election. Approval by Nassau Bay's governing body would have been required for the issuance of bonds, imposition of a sales tax, or imposition of an assessment on residential property. The district would not have had the power of eminent domain.

### GOVERNOR'S REASON FOR VETO:

"Senate Bill No. 1867 would create the NASA Area Management District. A confirmation election would not be required to create the district. The district would have the power to levy assessments, issue bonds, and impose ad valorem, maintenance, and sales taxes without voter approval. The district would also have the power to impose an assessment on single-family residential property. This bill would also allow an appointed board to impose property taxes and assessments on single-family residential property without voter approval, which is contrary to the general law governing municipal management districts.

Because the management district would encompass the exact same territory as the city, it effectively would represent double taxation for city residents without even the ability to vote on it. Finally, this bill represents a major departure from standard management districts."

### RESPONSE:

Sen. Mike Jackson, the bill's author, and Rep. John Davis, the House sponsor, said: "The governor's veto of SB 1867 was the result of misinformation. The NASA Area Management District (district) by Sen. Mike Jackson and sponsored by Rep. John Davis was initiated by the City of Nassau Bay. The property to be included in the district is entirely commercial. There are no single family residential units in the district and only a few multi-family apartment units. The governor mistakenly believed that the district covered the entire city.

“The city intended to use the creation of this district to promote the redevelopment of its commercial areas, specifically the waterfront property and area around NASA. The district was proposed to be a Municipal Management District, similar to others in the greater Houston area, including Downtown, Uptown, Greenspoint, and Westchase. The district will be very similar to the Baybrook Management District created last session by legislation sponsored by Sen. Jackson and Rep. John Davis.

“The City of Nassau Bay was in the process of inviting developers to propose plans for redevelopment and believed that this district would be a necessary tool to facilitate this redevelopment. Developers would have possibly proposed high-rise or mid-rise mixed use buildings on the waterfront: retail, restaurant and entertainment on the ground floors, with lofts and condominiums on the upper floors.

“To further clarify some of the other misconceptions of this legislation, the management district did not have the authority to levy ad valorem property taxes. Most management districts do have this authority. The NASA area district could have levied an assessment on property, but only after: the assessment is requested by the petitions of the majority of the owners of property in the district; notice is published and mailed to every property owner in the district; and a public hearing has been held.

“Since there are no homes now in the district and the property in the district is zoned commercial, it was unlikely that there would ever be single family residential property to be assessed. Before the district could levy an assessment on residential property, the City Council of the City of Nassau Bay first must pass an ordinance or resolution at a public meeting authorizing the assessment. Council members are the elected representatives of the citizens of Nassau Bay and are responsible to their constituencies for their votes. If the voters are still displeased with action taken by the city council the residential property owners would have a voice in approving or disapproving the assessment through the petition process.

“The district would have had the ability to levy a quarter-cent sales tax, but only if the city council of the City of Nassau Bay passed an ordinance or resolution at a public meeting authorizing the sales tax. The city could also require the district to stop levying the sales tax at any time.

“The veto of this bill is a misfortune for the Nassau Bay community. The local officials and businessmen are upset with the governor’s decision and are awaiting a direct response for the reason behind his veto. The city is working with Congressman Tom DeLay, Sen. Jackson and state Rep. Davis to see how this mistake can be corrected in the future.

“The bill that passed was identical to the bill that was introduced; no amendments were made to SB 1867 by the House or Senate. Before June 17, 2005, the governor’s office had not contacted either legislator or staff or the city to discuss the concerns of this management district. Throughout the legislative process there was no opposition expressed regarding this bill. In fact, SB 1867 was one of three management districts vetoed by the governor in the final hour while he signed off on at least 10 other similar districts.”

NOTES: SB 1867 passed the House on the Local, Consent and Resolutions Calendar and was not analyzed in a *Daily Floor Report*.

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